

~~SECRET/NOFORN~~NIO/EUROPE
6 January 1986

DCI/NIO Regional Meeting -- 8 January 1986

~~1. Portugal~~

The Portuguese presidential campaign is in full swing. Rightist Candidate Amaral has an outside chance of winning an absolute majority in the first round on 26 January. If he doesn't, a two-man run-off will be held by 16 February. On the Left, the race is close but Zenha, the candidate of Eanes and his Party for Democratic Renewal (PRD), has the best chance of winning in the first round if the Communist party rank-and-file follow the orders of their leadership to vote for this former foe. The moralizing, Third-worldish, ecologically-minded Maria Pintasilgo has the next best chance and long-term pro-US Socialist Prime Minister Soares remains an underdog. Ironically, if a run-off is necessary, Soares' role is likely to be critical, either once again as the underdog opponent of Amaral or, more likely, as the supporter of Amaral against the Zenha-Pintasilgo forces.

These personal battles epitomize the more profound transformation of Portuguese politics that is taking place. Essentially the left-center ruling majority created by Soares has broken up, a new party (the PRD), has complicated coalition-making, and the right and left elements of the spectrum are trying to create a new majority. The most likely outcome will not be a new working majority but rather the fractionalization of Portuguese politics, a succession of unstable minority-governments, and an increase in the power of small parties. The Communists are likely to benefit the most from this development, but they are unlikely to become the dominant element in Portuguese politics. Both Eanes and Zenha remain fundamentally anti-Communist and will have to woo the Socialists as well as other Portuguese on their right if they hope to form a new ruling coalition. Further the Communists are not likely to break past the 20% mark in popular votes or be attractive coalition partners as long as they remain a Stalinist party, which they show every intention of doing. What we are seeing, then, is not a repeat of the crisis of the mid-70s but rather the beginning of a more unpredictable and volatile period in Portuguese politics. This ferment and the likely increase in Communist influence is likely to burden but not fundamentally change the US-Portuguese relationship.

2. Spain

Gonzalez's campaign in support of NATO membership is not going well. The only positive development so far from his perspective is that the US has given him the statement he desired tying continued Spanish membership in NATO to a possible reduction in the US military presence. On the negative side:

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- Conservative leader Fraga has advised his followers to abstain.
- The country's major newspaper El Pais has preemptively criticized any vague wording of the referendum question. This deliberate vagueness was one of the methods that Gonzalez was counting on to win the referendum and the El Pais editorial underlines that it will be very hard to draw the line between a legitimate well-rounded question and self-defeating obfuscation.
- The polls are becoming more favorable but still continue to show that Gonzalez has at best a 50-50 chance of winning the referendum and this only if he ties NATO membership to a reduction in the US military presence.
- Gonzalez may have further jeopardized Spain's future role in NATO by declaring that a referendum, while not legally binding, would nonetheless be "morally" binding.

Gonzalez, however, has not yet made an irrevocable announcement on the referendum. He will almost certainly do so on 4 February when he gives his much postponed speech on security policy.

3. Germany

There may be progress in two US-Soviet post-World War II residual arrangements:

- Military Liaison Missions. The US and Soviet military commands in Germany have come to an understanding at the Chief of Staff level on the kind of document they would present to their authorities as a way to end the crisis precipitated by the Soviet killing of Major Nicholson. The document is not yet available for inter-Agency review in Washington, but is expected to be discussed within the next few weeks.
- Air Corridors. The set-piece pattern of argumentation in the Berlin Air Safety Center was broken in December when the Soviet chief controller reacted with surprise and some consternation to the Allied argument that Soviet air corridor restrictions were forcing Western flights to operate outside the bounds of ICAO flight rules. This was the first time the West used this argument and the Soviet reaction suggests sensitivity to a potential charge of creating safety hazards by violating international norms. It remains to be seen whether the Soviets now become more flexible in fact but it would take only about a three-mile adjustment on their part to meet Allied demands.

4. Romania

A The Times of London has reported Yugoslav concern over developing instability in Romania. The key paragraphs of the article are:

- "The Yugoslavs are concerned over the current situation in Romania and over the future of the course of the country should the rumors of Mr. Ceausescu's failing health be true".
- "Yugoslav concern has been heightened by a marked increase in the number of Romanians fleeing to Yugoslavia this month. The refugees speak of a series of violent incidents which have occurred in rural regions and of peasants clashing with the army and security forces. Romania has kept silent."

RFE has satisfied itself of the credibility of the story and broadcast it.

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5. US-Canada Relations

Canada's declaration of sovereignty in the Northwest passages became effective 1 January. The US decided not to protest immediately, but will probably do so soon unless Canadian representatives show unexpected flexibility in the US-Canadian meetings scheduled in Washington during the next few weeks.